



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

November 18, 2008

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

TERMINATE THREE DISASTER ASSISTANCE PROJECTS (ALL DISTRICTS) (3 VOTES)

SUBJECT

This letter recommends Board approval to terminate three (3) 1994 Northridge Earthquake disaster assistance projects. The projects subject to this termination action are the Hahn Hall of Administration, the Stanley Mosk Courthouse, and the Hall of Justice.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve the termination of the Hahn Hall of Administration, the Stanley Mosk Courthouse, and the Hall of Justice earthquake repair projects which were nominally funded through the Federal Emergency Management Agency's 1994 Northridge Earthquake disaster assistance program.
2. Authorize the Chief Executive Officer to sign and execute the required documents for formal notification to the Governor's Office of Emergency Services (OES) and the Federal Emergency Management Agency (FEMA) of the project terminations.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

As a result of the 1994 Northridge Earthquake, nominal disaster assistance funding was made available for the Kenneth Hahn Hall of Administration (Hahn HOA), the Stanley Mosk Courthouse (SMC), and the Hall of Justice (HOJ). Soon after the Earthquake, emergency repairs and debris removal activities were completed in the Hahn HOA and SMC in order to eliminate potential impediments to the County's operation and the

"To Enrich Lives Through Effective And Caring Service"

**Please Conserve Paper – This Document and Copies are Two-Sided
Intra-County Correspondence Sent Electronically Only**

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

public's use of those facilities. In accordance with the County's Building Code, both buildings were inspected for structural integrity by Building and Safety personnel and were determined to be safe for continued occupancy and service. The Hall of Justice sustained sufficient damage to be red-tagged and, for safety reasons, the occupants at the time of the disaster were relocated to other buildings and the structure was closed.

It has now been almost 15 years since the Northridge Earthquake and, except for the initial emergency repairs, the major portion of that time for the Hahn HOA and SMC has been spent engaged in protracted litigation with the insurers of the structures. Repairs to the HOJ would be included in a refurbishment of the building which has yet to move forward for financial reasons.

The Federal Emergency Management Agency (FEMA), which has expressed concern about the lack of progress on any repair projects, asked the County in early 2007 to submit final scopes of work and construction schedules for the Hahn HOA and the SMC projects in anticipation of the projects moving forward immediately upon those submissions. At approximately the same time, FEMA made the determination the County was not strictly adhering to the letter and intent of the Memorandum of Agreement (MOA) regarding the historical features of HOJ. As a result, FEMA has required the creation of a 1st Amended MOA for the project. The 1st Amended MOA provides FEMA with intensive historical oversight for the project which could also translate into substantial and additional project costs to the County. With the signing of the 1st Amended MOA by all parties (FEMA, OES, the State Historic Preservation Office, and the County), the project must start to move forward into the next phase of construction immediately.

FEMA has stated the following with respect to additional time extensions for these projects:

"Please be advised that no additional time extensions will be considered, except on the basis of extenuating circumstances or unusual project requirements beyond the County's control (i.e. unique and unanticipated) that affect the ability to completed the actual work; and ***not the ability to obtain or ascertain funding, or delays attributable to the appellate process***" (emphasis added).

Therefore, the circumstances surrounding further delays to the prosecution of these projects do not meet FEMA's definition of "extenuating circumstances beyond the County's control." As a result, we are recommending that we terminate the projects with respect to FEMA's involvement in funding.

Stanley Mosk Courthouse

Your Board has already taken the action to transfer this structure to the State under the requirements of the Trial Court Facilities Act of 2002. Consistent with its treatment of other County courthouses, the State has preliminarily rated the SMC as "Level V" for seismic performance. The rating is, per the Government Code "not in itself [to] be considered a significant threat to life, safety, or health." Nevertheless, as for all Level V court buildings, the County will be required to retain responsibility for seismic-related building repairs (related to post-transfer earthquakes only) sufficient to bring the building back to its pre-earthquake condition should an event occur.

However, as stated above, the building is safe for occupancy, fully operational, and no retrofits or upgrades are required as a part of the transfer of the structure to the State. Therefore, no further work to this structure is required and this office is recommending that the FEMA project be closed without further delay.

Hahn Hall of Administration

At the beginning of the 2006 calendar year it was reported to your Board that a full structural code repair and upgrade of Hahn HOA for continued long-term use of the facility would run in the range of \$279 - \$318 million for construction and temporary relocation of occupants. With escalation, those estimates now range from \$349 million to \$399 million. The FEMA funding available to the County is a capped amount of approximately \$42 million for construction and temporary relocations. This amount would defray barely 10 to 12 percent of the current estimated cost of the work. This percentage of FEMA contribution to the project is ever decreasing as the final decision on this structure remains under review and delayed and the code repair and upgrade estimates has continued to escalate.

With respect to the Hahn HOA, numerous complex issues must be dealt with by the County before a definitive direction can be taken by your Board on the future of this building. Under FEMA's disaster assistance program, the only justification for a project time extension is to address circumstances beyond the applicant's control that have hindered the applicant's ability to perform the work in a timely manner. With this as the guide, the County does not qualify for a time extension.

Therefore, based on the minimal funding available from FEMA and the County's inability at this juncture to determine the length of, and/or provide justification for a time extension for the project, this office is recommending the termination of the disaster assistance project for Hahn HOA.

Hall of Justice

The discussion regarding HOJ virtually mirrors that associated with the Hahn HOA. The next phase of the project to be undertaken is the repair and structural retrofit of the structure at a cost of approximately \$43 to \$58 million. The current estimate for the total cost of the repair and structural retrofit, and the renovation to office use is in the range of \$300 million. The FEMA funding available to the County is a capped amount of approximately \$29 million for construction and relocation. This amount would defray not even 10 percent of the current estimated cost of the work required to reoccupy the structure. In addition, this percentage of FEMA contribution to the project is also decreasing as the final decision on this structure remains under review and delayed and the code repair and upgrade estimates continue to escalate.

As with the Hahn HOA, numerous complex issues must be dealt with by the County before a definitive direction can be taken by your Board on the future of this building. The only eligible justification for a project time extension is to address circumstances beyond the applicant's control that have hindered the applicant's ability to perform the work in a timely manner. Those issues currently impeding the project are related to County direction and financing. Therefore, the County does not qualify for a time extension.

Therefore, this office is recommending the termination of the disaster assistance project for HOJ based on the minimal funding available from FEMA and the County's inability at this juncture to determine the length of, and/or provide justification for a time extension for the project.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs that we maintain the County's fiscal responsibility (Goal 4). The termination of these disaster assistance projects will limit the County's fiscal exposure of proceeding with these complex and expensive projects during this period of financial uncertainty.

FISCAL IMPACT/FINANCING

The County has not submitted fiscal claims to OES and FEMA related to FEMA's scope of permanent repairs for these structures. Therefore, termination of these projects will have no fiscal impact on the County's budget.

It is recommended that we do not pursue the nominal FEMA funding for Hahn HOA, SMC, and HOJ in light of other higher priority County building requirements (e.g. Data

Center and Jail Plan). Continuation of these projects would require the redirection of funding from more critical, higher priority County projects. In addition, it would not be fiscally prudent to move forward given the current County fiscal situation and the likelihood for it worsening in the near future.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The 44 Code of Federal Regulations (CFR) contains the codifying documents for FEMA's Emergency Management and Assistance Program and provides specific guidelines for the administration, management, and utilization of public assistance funding. These guidelines detail all activities and expenditures that are eligible for reimbursement under this disaster assistance program and the time limitations imposed.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

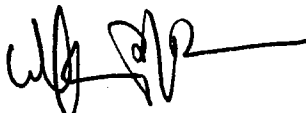
As stated before, the Stanley Mosk Courthouse is safe for occupancy, fully operational, and no retrofits or upgrades are required as a part of the transfer of the structure to the State. Therefore, circumstances have rendered this project null and void.

Termination of the other two projects will have no impact on current services or any other projects as the current status quo of building utilizations will be maintained. The Hahn HOA and the SMC are fully operational and providing services to the public. The HOJ will remain unoccupied as it currently exists.

CONCLUSION

Upon your Board's approval of the formal termination of these disaster assistance projects, please send a copy of the adopted Board letter to the Chief Executive Office (County Disaster Administrative Team) for processing.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Office

WTF:DL:JE
CK:hgdrive

c: County Counsel